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Verizon Testimony on Raised House Bill Number 5491

**AN ACT CONCERNING CUSTOMER SALES AND SERVICE CALLS MADE FROM OUTSIDE THE UNITED STATES, TO PROVIDE CONSUMERS WITH NOTICE AND OPTIONS REGARDING THE OUTSOURCING OF CUSTOMER SALES AND SERVICE CALLS.**

Before the General Law Committee - March 11, 2014

Thank you, Leaders and members of the Committee, for the opportunity to provide comments on this proposal.

Verizon strongly opposes this legislation, which tries to discourage companies from using call centers located overseas.

Among the many provisions of the bill is a requirement that would compel any company that has customers in Connecticut to amend every contract to require a customer service representative to disclose the following information during the first 30 seconds of each telephone call when the representative receives a telephone call from a resident of this state:

1. Whether the customer service representative is located outside the United States;
2. If the customer service representative is located outside the United States, whether the call may require the resident to disclose personal identifying information;
3. If so, the resident may request that the call be transferred to a customer call center in the United States;
4. Whether the call is being monitored or will be reviewed by someone outside the United States;
5. Immediate transfer of the call to a customer sales call center located in the United States; and
6. The customer service employee shall ensure that such telephone call is not reviewed or monitored by a person located outside the United States.

By trying to force the requirements above, the legislation is suggesting that a call center located in other countries are more susceptible to fraud and are staffed by someone less qualified than a representative located in the State of Connecticut. There is no data to support this discriminatory conclusion. In addition, there are strict federal guidelines on the protection of customer personal identifying information by companies with access to it.

This call center mandate is inappropriate in today's competitive and global telecommunication's marketplace. Customer call centers are internationally located so that companies can better manage their costs and answer off peak calls to meet customer needs. Some companies have also used international customer contact "experts" to serve specialized needs such as handling technical issues for customer equipment from international manufacturers.

This bill would impose an unnecessary and undue financial burden on some businesses that provide telecommunications services to Connecticut consumers, impairing their ability to maintain and improve customer service and control their costs.

Verizon is a relatively small employer in Connecticut, with 1500 employees statewide. Nevertheless, we do maintain multiple call centers in the state to serve our Connecticut customers and customers located in other states.

The locations of these centers — both within and outside of the State — were based on several factors, including increasing efficiency, maintaining and improving service and minimizing cost. Many other businesses, like large insurance and financial companies, run their centers in a similar fashion. By overriding those factors arbitrarily and without consideration of sound business practices, this proposal would increase the cost of doing business, which ultimately would lead to higher costs for consumers.

The provisions of this bill would almost certainly stunt any future growth and make Connecticut a less desirable destination for the multitude of businesses that rely on the use of customer service representatives.

### **Develop New Incentives for Changing Industry**

Verizon respectfully suggests that lawmakers consider an alternate approach that would encourage companies to locate their call centers in Connecticut. Just as federal, state and local governments offer incentives to encourage businesses to invest in renewable energy, similar new incentives could be developed to encourage companies to create and expand their call centers in Connecticut or to relocate their call centers into Connecticut.

By way of example, Tulsa, Oklahoma is commonly called a mecca for call centers. Since 2000, at least eight centers have opened in the Tulsa area, according to data from the Tulsa Regional Chamber. The number of call center employees has grown 55 percent from 2002 to 2012. Why has Tulsa become a great location to open a call center? The cost of doing business in Tulsa is 17 percent below the U.S. average, offering lower energy rates, office and rental costs, and taxes.

Verizon Testimony  
Raised House Bill No. 5491  
Page 3  
March 11, 2014

In neighboring New Jersey, a cable provider moved more than 500 employees to Newark to a state-of-the-art call center that handles customer service calls. The company, which also operates call centers in Connecticut and Long Island, agreed to keep jobs in Newark under a program that offers incentives to businesses that retain jobs near transit hubs.

Verizon believes that Connecticut would be better served by the legislature creating new and targeted incentives for call center job creation as opposed to the provisions contained in this proposal. We again respectfully urge the Committee to reject this proposal.

Thank you.